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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001143

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SUBJECT: PUBLIC ADMIN DECREE ALLOWS CHAVEZ TO APPOINT
REGIONAL AUTHORITIES

REF: A. 07 CARACAS 01635

1B. 07 CARACAS 01280

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Classified By: POLITICAL COUNSELOR FRANCISCO FERNANDEZ
FOR REASON 1.4 (D)

11. (C) SUMMARY. The Organic Decree on Public Administration, one of the 26 laws promulgated by President Chavez on the last day of the now-expired Enabling Law, allows him to appoint like-minded regional leaders. It is widely believed the decree will be used selectively to neutralize opposition governors and mayors following the November state and local elections. The measure closely resembles one that was rejected by Venezuelan voters in the failed December 2007 constitutional referendum. The decree also names the Central Planning Commission as the government's main coordinating body; gives community councils (consejos comunales) a greater role in public matters; and provides Chavez's social missions with legal standing. END SUMMARY.

Public Admin Sector Revamped

12. (SBU) The text of the Public Administration Decree was released in an "extraordinary" edition of the Official Gazette several days after Chavez's special legislative powers expired on July 31. The law formally gives the Venezuelan president, followed by the Vice President, ministers, and local authorities, the lead on managing public policy issues. The 173-article decree covers a wide range of administrative matters and amends the Public Administration Law of 2001.

Regional Authorities Revisited

13. (C) The decree also revisits aspects of Chavez's "new geometry of power" concept, one of the five "motors" of his socialist revolution, and a key element enshrined in the defeated constitutional reform package (Ref. A). Several articles outline the possible creation of "decentralized functional and territorial" entities if and when the "interests of the state would be better served." Under the decree's principle of decentralization, for instance, public administration officials (read the central government) can decentralize authority and public services in states and municipalities, in the name of increasing efficiency and efficacy. These officials also have the authority to transfer certain powers from superior entities to inferior

ones as necessary. Depending on their implementation, these measures could allow the central government to arbitrarily transfer authority and resources to persons other than the elected officials (read: appointees) or marginalize local opposition leaders in elected positions.

¶4. (C) Article 70 gives the Venezuelan president the authority to appoint regional authorities. According to the law, the designated figures would be charged with planning, executing public policy, and overseeing development. They would also be entitled to federally-funded monies in order to carry out their functions. The concept of appointed regional leaders was included in Chavez's failed referendum. Article 70 has revived fears within opposition circles that Chavez intends to use the measure to counter opposition wins in important states and municipalities in upcoming regional elections. It remains unclear whether Bolivarian Republic of Venezuela (BRV) officials will divert constitutionally-mandated federal resources away from elected officials to the appointed authorities or whether the latter will receive financial support via other means. If the central government were to divert or stop the flow of federal funding, the position of elected governors could become largely symbolic.

Central Planning Commission

¶5. (C) Separately, the decree formally names the Central Planning Commission (Commission) as the government's primary body for coordinating public policy. Using authority derived from the Enabling Law, Chavez decreed the creation of the Commission on June 23 (Ref. B). In that instance, Chavez said its purpose was to move away from decentralization

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toward a system of unified planning and strategic execution. The Commission was intended to help centralize the administration and control of all state entities and enterprises, including those at the national, regional, state, and municipal levels. Chavez likely intends to further limit the autonomy of local leaders in regional and local planning via the Commission.

Of Popular Participation and Missions

¶6. (SBU) The role of community councils, which are constituted and funded directly by the Presidency, is also strengthened in the Public Administration decree. The law notes that councils, rather than public officials, can take the lead on implementing public projects in those cases where it is more cost effective and efficient to do so. The opposition has long claimed that poor government oversight of the councils coupled with a lack of transparency has led to mismanagement of funds on behalf of the councils. Lastly, Article 131 bestows upon the Venezuelan president the right to create social programs (misiones) to attend to the public's "urgent" needs as necessary. Chavez previously wanted to give his social programs constitutional standing. The decree helps make legal Chavez's long-standing policy of creating parallel government institutions.

Comment

¶7. (C) The Public Administration Decree, particularly Chavez's reintroduction of his vaguely-defined "new geometry of power" scheme, gives Chavez new authority to control state resources at the expense of state and local governments. While it remains unclear to what extent and how fast these policies will be implemented, it appears Chavez has positioned himself to debilitate and isolate political

opponents and dissidents via this decree law and others. Local analysts are seizing on the fact that this new law resuscitates ideas rejected in the 2007 Constitutional referendum as evidence of a renewed drive to implement Chavez's Bolivarian Revolution.

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